

19-1140 ✓ DEPT. OF  
TOWNSHIP OF VICTOR JUL 20 2004  
Clinton County, Michigan 7/10

GENERAL PURPOSE FINANCIAL STATEMENTS  
AND SUPPLEMENTARY INFORMATION

Year Ended March 31, 2004

## AUDITING PROCEDURES REPORT

Issue under P.A. 2 of 1968, as amended. Filing is mandatory.

<b>Local Government Type</b> <input type="checkbox"/> City <input checked="" type="checkbox"/> Township <input type="checkbox"/> Village <input type="checkbox"/> Other		<b>Local Government Name</b> Township of Victor	<b>County</b> Clinton
<b>Audit Date</b> March 31, 2004	<b>Opinion Date</b> June 29, 2004	<b>Date Accountant Report Submitted to State:</b> June 29, 2004	

We have audited the financial statements of this local unit of government and rendered an opinion on financial statements prepared in accordance with the Statements of the Governmental Accounting Standards Board (GASB) and the *Uniform Reporting Format for Financial Statements for Counties and Local Units of Government in Michigan* by the Michigan Department of Treasury.

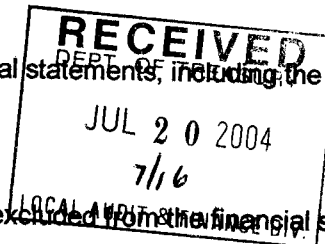
We affirm that:

1. We have complied with the *Bulletin for the Audits of Local Units of Government in Michigan* as revised.
2. We are certified public accountants registered to practice in Michigan.

We further affirm the following. "Yes" responses have been disclosed in the financial statements, including the notes, or in the report of comments and recommendations

You must check the applicable box for each item below.

- ☐ yes ☒ no 1. Certain component units/funds/agencies of the local unit are excluded from the financial statements.
- ☐ yes ☒ no 2. There are accumulated deficits in one or more of this unit's unreserved fund balances/retained earnings (P.A. 275 of 1980).
- ☒ yes ☐ no 3. There are instances of non-compliance with the Uniform Accounting and Budgeting Act (P.A. 2 of 1968, as amended).
- ☐ yes ☒ no 4. The local unit has violated the conditions of either an order issued under the Municipal Finance Act or its requirements, or an order issued under the Emergency Municipal Loan Act.
- ☐ yes ☒ no 5. The local unit holds deposits/investments which do not comply with statutory requirements. (P.A. 20 of 1943, as amended [MCL 129.91], or P.A. 55 of 1982, as amended [MCL 38.1132]).
- ☐ yes ☒ no 6. The local unit has been delinquent distributing tax revenues that were collected for another taxing unit.
- ☐ yes ☒ no 7. The local unit has violated the Constitutional requirement (Article 9, Section 24) to fund current year earned pension benefits (normal costs) in the current year. If the plan is more than 100% funded and the overfunding credits are more than the normal cost requirement, no contributions are due (paid during they year).
- ☐ yes ☒ no 8. The local unit uses credit cards and has not adopted an applicable policy as required by P.A. 266 of 1995 (MCL 129.241).
- ☐ yes ☒ no 9. The local unit has not adopted an investment policy as required by P.A. 196 of 1997 (MCL 129.95).



### We have enclosed the following:

	Enclosed	To Be Forwarded	Not Required
The letter of comments and recommendations.	X		
Reports on individual federal financial assistance programs (program audits).			X
Single Audit Reports (ASLGU).			X

<b>Certified Public Accountant (Firm Name)</b> Campbell, Kusterer & Co., P.C.			
<b>Street Address</b> 512 N. Lincoln, Suite 100, P.O. Box 686	<b>City</b> Bay City	<b>State</b> MI	<b>Zip</b> 48707
<b>Accountant Signature</b> Campbell, Kusterer & Co., P.C.			

TOWNSHIP OF VICTOR  
Clinton County, Michigan

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# CAMPBELL, KUSTERER & CO., P.C.

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## INDEPENDENT AUDITOR'S REPORT

June 29, 2004

To the Township Board  
Township of Victor  
Clinton County, Michigan

We have audited the accompanying general purpose financial statements of the Township of Victor, Clinton County, Michigan, as of March 31, 2004, and for the year then ended, as listed in the table of contents. These general purpose financial statements are the responsibility of the Township of Victor's management. Our responsibility is to express an opinion on these general purpose financial statements based on our audit.

We conducted our audit in accordance with auditing standards generally accepted in the United States. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the general purpose financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the general purpose financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall general purpose financial statement presentation. We believe that our audit provides a reasonable basis for our opinion.

In our opinion, the general purpose financial statements referred to above present fairly, in all material respects, the financial position of the Township of Victor, Clinton County, Michigan, as of March 31, 2004, and the results of its operations for the year then ended in conformity with accounting principles generally accepted in the United States.

Our audit was conducted for the purpose of forming an opinion on the general purpose financial statements taken as a whole. The supplementary information listed in the table of contents is presented for purposes of additional analysis and is not a required part of the general purpose financial statements of the Township of Victor, Clinton County, Michigan. Such information has been subjected to the auditing procedures applied in the audit of the general purpose financial statements and, in our opinion, is fairly presented in all material respects in relation to the general purpose financial statements taken as a whole.

*Campbell, Kusterer & Co., P.C.*

CAMPBELL, KUSTERER & CO., P.C.  
Certified Public Accountants

TOWNSHIP OF VICTOR  
Clinton County, Michigan

COMBINED BALANCE SHEET – ALL FUND TYPES AND ACCOUNT GROUPS    EXHIBIT A  
March 31, 2004

	<u>Governmental Fund Type</u>	<u>Fiduciary Fund Type</u>	<u>Account Groups</u>	
	<u>General</u>	<u>Agency</u>	<u>General Fixed Assets</u>	<u>General Long- Term Debt</u>
<u>Assets</u>				
Cash in bank	283 267 12	5 047 23	-	-
Taxes receivable	15 122 48	-	-	-
Accounts receivable	4 000 00	-	-	-
Due from other funds	1 434 75	-	-	-
Land and improvements	-	-	153 718 53	-
Buildings and improvements	-	-	393 979 95	-
Fire equipment	-	-	466 462 73	-
Hall equipment	-	-	45 676 34	-
Amount to be provided for retirement of long-term debt	-	-	-	308 332 35
<b>Total Assets</b>	<u><u>303 824 35</u></u>	<u><u>5 047 23</u></u>	<u><u>1 059 837 55</u></u>	<u><u>308 332 35</u></u>
<u>Liabilities and Fund Equity</u>				
<b>Liabilities:</b>				
Due to other funds	-	1 434 75	-	-
Due to others	-	3 612 48	-	-
Deposits	2 685 00	-	-	-
Contract payable	-	-	-	-
<b>Total liabilities</b>	<u><u>2 685 00</u></u>	<u><u>5 047 23</u></u>	<u><u>-</u></u>	<u><u>308 332 35</u></u>
<b>Fund equity:</b>				
Investment in general fixed assets	-	-	1 059 837 55	-
Fund balances:				
Unreserved:				
Undesignated	301 139 35	-	-	-
<b>Total fund equity</b>	<u><u>301 139 35</u></u>	<u><u>-</u></u>	<u><u>1 059 837 55</u></u>	<u><u>-</u></u>
<b>Total Liabilities and Fund Equity</b>	<u><u>303 824 35</u></u>	<u><u>5 047 23</u></u>	<u><u>1 059 837 55</u></u>	<u><u>308 332 35</u></u>

The accompanying notes are an integral part of these financial statements.  
- 2 -

Total  
(Memorandum  
Only)

---

288 314 35  
15 122 48  
4 000 00  
1 434 75  
153 718 53

393 979 95  
466 462 73  
45 676 34

308 332 35

1 677 041 48

1 434 75  
3 612 48  
2 685 00  
308 332 35  
316 064 58

1 059 837 55

301 139 35  
1 360 976 90

1 677 041 48

TOWNSHIP OF VICTOR  
Clinton County, Michigan

COMBINED STATEMENT OF REVENUES, EXPENDITURES AND CHANGES  
IN FUND BALANCES – ALL GOVERNMENTAL FUND TYPES

Year Ended March 31, 2004

EXHIBIT B  
Page 1

	Total (Memorandum Only) Governmental Fund Type General
Revenues:	
Property taxes	202 785 79
Licenses and permits	8 144 06
State shared revenue	226 104 00
State grant	5 700 00
Charges for services:	
Property tax administration	23 175 49
Cemetery	11 241 20
Fire	1 883 50
Rent	11 477 00
Interest	2 870 55
Miscellaneous	2 302 73
Total revenues	495 684 32
Expenditures:	
Legislative:	
Township Board	34 774 58
General government:	
Supervisor	9 378 00
Assessor	23 315 67
Clerk	18 003 82
Board of Review	876 87
Treasurer	21 429 88
Township hall	24 854 40
Cemetery	14 815 52
Public safety:	
Fire protection	155 073 19
Law enforcement	1 756 00
Planning	174 83
Public works:	
Highways and streets	116 185 80
Drains	10 997 55

The accompanying notes are an integral part of these financial statements.

TOWNSHIP OF VICTOR  
Clinton County, Michigan

COMBINED STATEMENT OF REVENUES, EXPENDITURES AND CHANGES  
IN FUND BALANCES - ALL GOVERNMENTAL FUND TYPES

Year Ended March 31, 2004

EXHIBIT B  
Page 2

	Total (Memorandum Only) <u>Governmental Fund Type General</u>
Expenditures: (continued)	
Culture and recreation:	
Library	2 000 00
Parks and recreation	959 43
Capital outlay	<u>39 396 77</u>
Total expenditures	<u>473 992 31</u>
Excess of revenues over expenditures	21 692 01
Fund balance, April 1	<u>279 447 34</u>
Fund Balance, March 31	<u><u>301 139 35</u></u>

The accompanying notes are an integral part of these financial statements.

TOWNSHIP OF VICTOR  
Clinton County, Michigan

COMBINED STATEMENT OF REVENUES, EXPENDITURES AND CHANGES  
IN FUND BALANCES – BUDGET AND ACTUAL – GENERAL FUND

Year Ended March 31, 2004

EXHIBIT C

Page 1

	General Fund		
	Budget	Actual	Over (Under) Budget
Revenues:			
Property taxes	198 614 96	202 785 79	4 170 83
Licenses and permits	4 150 00	8 144 06	3 994 06
State shared revenue	222 000 00	226 104 00	4 104 00
State grant	5 700 00	5 700 00	-
Charges for services:			
Property tax administration	27 600 00	23 175 49	(4 424 51)
Cemetery	4 500 00	11 241 20	6 741 20
Fire	-	1 883 50	1 883 50
Hall rental	4 000 00	11 477 00	7 477 00
Interest	3 800 00	2 870 55	(929 45)
Miscellaneous	400 00	2 302 73	1 902 73
Total revenues	<u>470 764 96</u>	<u>495 684 32</u>	<u>24 919 36</u>
Expenditures:			
Legislative:			
Township Board	35 050 00	34 774 58	(275 42)
General government:			
Supervisor	9 557 00	9 378 00	(179 00)
Assessor	22 958 94	23 315 67	356 73
Clerk	19 769 00	18 003 82	(1 765 18)
Board of Review	900 00	876 87	(23 13)
Treasurer	21 070 00	21 429 88	359 88
Township hall	27 875 00	24 854 40	(3 020 60)
Cemetery	19 160 00	14 815 52	(4 344 48)
Public safety:			
Fire protection	146 770 76	155 073 19	8 302 43
Law enforcement	8 756 00	1 756 00	(7 000 00)
Planning	1 320 00	174 83	(1 145 17)
Public works:			
Highways and streets	127 303 50	116 185 80	(11 117 70)
Drains	10 997 55	10 997 55	-
Culture and recreation:			
Library	-	2 000 00	2 000 00
Parks and recreation	4 013 06	959 43	(3 053 63)

The accompanying notes are an integral part of these financial statements.

TOWNSHIP OF VICTOR  
Clinton County, Michigan

COMBINED STATEMENT OF REVENUES, EXPENDITURES AND CHANGES  
IN FUND BALANCES – BUDGET AND ACTUAL – GENERAL FUND

Year Ended March 31, 2004

EXHIBIT C  
Page 2

	<u>General Fund</u>		
	<u>Budget</u>	<u>Actual</u>	<u>Over (Under) Budget</u>
Expenditures (continued):			
Contingency	30 000 00	-	(30 000 00)
Capital outlay	<u>40 000 00</u>	<u>39 396 77</u>	<u>(603 23)</u>
Total expenditures	<u>525 500 81</u>	<u>473 992 31</u>	<u>(51 508 50)</u>
Excess (deficiency) of revenues over expenditures	(54 735 85)	21 692 01	76 427 86
Fund balance, April 1	<u>54 735 85</u>	<u>279 447 34</u>	<u>224 711 49</u>
Fund Balance, March 31	<u>-</u>	<u>301 139 35</u>	<u>301 139 35</u>

The accompanying notes are an integral part of these financial statements.

TOWNSHIP OF VICTOR  
Clinton County, Michigan

NOTES TO FINANCIAL STATEMENTS

March 31, 2004

Note 1 – Summary of Significant Accounting Policies

The accounting policies of the Township of Victor, Clinton County, Michigan conform to generally accepted accounting principles as applicable to governmental units.

Reporting Entity

In accordance with the provisions of the Governmental Accounting Standards Board's Statement No. 14 "The Financial Reporting Entity," the general purpose financial statements of the Township contain all the Township funds and account groups that are controlled by or dependent on the Township's executive or legislative branches.

The reporting entity is the Township of Victor. The Township is governed by an elected Township Board. As required by generally accepted accounting principles, these financial statements present the Township as the primary government.

Joint Venture

The Township and the Townships of Bingham and Greenbus jointly operate the Clinton Area Fire and Rescue to provide fire protection services for the three entities. For the fiscal year ended March 31, 2004, the Township of Victor provided \$155,073.19 to the Fire Authority. The joint venture is not considered a part of the reporting entity of the Township of Victor. Separate financial statements of the Fire Authority may be obtained directly from them at P.O. Box 114 in St. Johns, Michigan.

Basis of Presentation

The financial activities of the local unit are recorded in separate funds and account groups, categorized and described as follows:

Governmental Fund

General Fund

This fund is used to account for all financial transactions except those required to be accounted for in another fund. The fund includes the general operating expenditures of the local unit. Revenues are derived primarily from property taxes, state and federal distributions, grants, and other intergovernmental revenues.

Fiduciary Fund

The Current Tax Collection Fund is used to account for assets held as an agent for others.

TOWNSHIP OF VICTOR  
Clinton County, Michigan

NOTES TO FINANCIAL STATEMENTS  
March 31, 2004

Note 1 – Summary of Significant Accounting Policies (continued)

Account Groups

General Fixed Assets Account Group

This account group presents the fixed assets of the local unit utilized in its general operations.

General Long-Term Debt Account Group

This account group presents the balance of general obligation long-term debt.

Measurement Focus/Basis of Accounting

The accounting and financial reporting treatment applied to a fund is determined by its measurement focus. All governmental fund types are accounted for using a current financial resources measurement focus. With this measurement focus, only current assets and current liabilities generally are included on the balance sheet. Operating statements of these funds present revenues and other financing sources and, expenditures and other financial uses in net current assets.

The modified accrual basis of accounting is followed by the governmental fund types. Under the modified accrual basis of accounting, revenues are recorded when susceptible to accrual which is both measurable and available. Available means collectible within the current period or soon enough thereafter to be used to pay liabilities of the current period. Expenditures, other than principal and interest on long-term debt, are recorded when the related fund liability is incurred, if measurable. Principal and interest on general long-term debt is recognized when due.

Revenues from local sources consist primarily of property taxes. Property taxes and revenues received from the State are recognized when susceptible to accrual. Miscellaneous revenues are recorded as revenue when received in cash because they are generally not measurable until actually received. Investment earnings are recorded as earned since they are measurable and available.

Property Taxes

Property taxes and other revenue that are both measurable and available for use to finance operations are recorded as revenue when earned.

Properties are assessed as of December 31 and the related property taxes are due on the following December 1, with the final collection date of March 1, before they are

TOWNSHIP OF VICTOR  
Clinton County, Michigan

NOTES TO FINANCIAL STATEMENTS

March 31, 2004

Note 1 – Summary of Significant Accounting Policies (continued)

Property Taxes (continued)

added to the county tax rolls. The Township 2003 tax roll millage rate was 2.3796 mills and the taxable value was \$85,226,148.00.

Fixed Assets

Purchases of fixed assets for all funds are recorded as expenditures in their respective funds at the time of purchase. They are also recorded at cost in the General Fixed Assets Group of Accounts which is required by generally accepted accounting principles.

Investments

Investments are stated at market.

Receivables

Receivables have been recognized for all significant amounts due to the Township. Allowances for uncollectible accounts have not been provided for in that collection is not considered doubtful and any uncollected amount would be immaterial.

Inventories

Inventories of supplies are considered to be immaterial and are not recorded.

Budgets and Budgetary Accounting

The following procedures are followed in establishing the budgetary data reflected in these general purpose financial statements.

1. Prior to the beginning of the fiscal year, the proposed budget for each budgetary fund is submitted to the Township Board for consideration.
2. The proposed budgets include expenditures as well as the methods of financing them.
3. Public hearings are held to obtain taxpayer comments.
4. The budgets are adopted at the activity level by a majority vote of the Township Board.

TOWNSHIP OF VICTOR  
Clinton County, Michigan

NOTES TO FINANCIAL STATEMENTS

March 31, 2004

Note 1 – Summary of Significant Accounting Policies (continued)

Budgets and Budgetary Accounting (continued)

5. The budgets are adopted on the modified accrual basis of accounting.
6. The originally adopted budgets can be amended during the year only by a majority vote of the Township Board.
7. The adopted budgets are used as a management control device during the year for all budgetary funds.
8. Budget appropriations lapse at the end of each fiscal year.
9. The budgeted amounts shown in these general purpose financial statements are the originally adopted budgets with all amendments that were approved by the Township Board during the fiscal year.

Encumbrances

Encumbrances involving the current recognition of purchase orders, contracts and other commitments for future expenditures are not recorded.

Postemployment Benefits

The Township provides no postemployment benefits to past employees.

Note 2 – Deposits and Investments

Michigan Compiled Laws, Section 129.91, authorizes the Township to deposit and invest in the accounts of federally insured banks, credit unions, and savings and loan associations; bonds, securities and other direct obligations of the United States, or any agency or instrumentality of the United States; United States government or federal agency obligation repurchase agreements; banker's acceptance of United States banks; commercial paper rated within the two highest classifications, which mature not more than 270 days after the date purchase; obligations of the State of Michigan or its political subdivisions which are rated as investment grade; and mutual funds composed of investment vehicles which are legal for direct investment by local units of government in Michigan. Financial institutions eligible for deposit of public funds must maintain an office in Michigan.

TOWNSHIP OF VICTOR  
Clinton County, Michigan

NOTES TO FINANCIAL STATEMENTS

March 31, 2004

Note 2 – Deposits and Investments (continued)

The Township Board has designated one bank for the deposit of Township funds. The investment policy adopted by the board in accordance with Public Act 196 of 1997 has authorized investment in all investments authorized by state law as listed above.

The Township's deposits and investments are in accordance with statutory authority.

The Governmental Accounting Standards Board Statement No. 3, risk disclosures for the cash deposits are as follows:

	<u>Carrying Amounts</u>
Total Deposits	<u>288 314 32</u>

Amounts in the bank balances are without considering deposits in transit or uncleared checks.

	<u>Bank Balances</u>
Insured (FDIC)	100 000 00
Uninsured and Uncollateralized	<u>314 204 69</u>
Total Deposits	<u>414 204 69</u>

As of March 31, 2004, the Township of Victor did not have any investments.

Note 3 – Changes in General Fixed Assets

A summary of changes in general fixed assets follows:

	<u>Balance 4/1/03</u>	<u>Additions</u>	<u>Deletions</u>	<u>Balance 3/31/04</u>
Land and improvement	153 718 53	-	-	153 718 53
Buildings and improvement	354 583 18	39 396 77	-	393 979 95
Fire equipment	466 462 73	-	-	466 462 73
Hall equipment	<u>45 676 34</u>	<u>-</u>	<u>-</u>	<u>45 676 34</u>
Totals	<u>1 020 440 78</u>	<u>39 396 77</u>	<u>-</u>	<u>1 059 837 55</u>

TOWNSHIP OF VICTOR  
Clinton County, Michigan

NOTES TO FINANCIAL STATEMENTS

March 31, 2004

Note 4 – Changes in General Long-Term Debt

A summary of changes in general long-term debt follows:

	<u>Balance 4/1/03</u>	<u>Additions</u>	<u>Deductions</u>	<u>Balance 3/31/04</u>
Contract payable - fire equipment	<u>343 000 13</u>	<u>-</u>	<u>34 667 78</u>	<u>308 332 35</u>
Totals	<u>343 000 13</u>	<u>-</u>	<u>34 667 78</u>	<u>308 332 35</u>

Note 5 – Contract Payable – Fire Equipment

On May 1, 2001, the Township of Victor obtained a loan in the amount of \$408,042.00 to finance the cost of fire equipment. The loan is repayable in ten annual installments of \$55,213.59 including principal and interest. The payments are being made by Clinton Area Fire and Rescue. As of March 31, 2004, the outstanding principal balance was \$308,332.35 and it is recorded in the General Long-Term Debt Account Group.

Note 6 – Deferred Compensation Plan

The Township has a deferred compensation plan covering all employees. The Township contributes a percentage of each covered employee's wages to the plan. The employees also made contributions to the plan. The net expense for the fiscal year ended March 31, 2004, was \$3,848.30.

Note 7 – Pension Plan

The Township does not have a pension plan.

Note 8 – Risk Management

The Township is exposed to various risks of loss related to property loss, torts, errors, omissions, and employee injuries (workers' compensation). The Township has purchased commercial insurance for property loss, torts and workers' compensation claims. Settled claims relating to the commercial insurance have not exceeded the amount of insurance coverage in any of the past three fiscal years.

Note 9 – Building Permits

The Township of Victor does not issue building permits. Building permits are issued by the County of Clinton.

TOWNSHIP OF VICTOR  
Clinton County, Michigan

NOTES TO FINANCIAL STATEMENTS

March 31, 2004

Note 10 – Budget Variances

During the fiscal year ended March 31, 2004, Township expenditures exceeded the budgeted amounts in several activities as follows:

	<u>Total Budget</u>	<u>Total Expenditures</u>	<u>Excess Expenditures</u>
General Fund:			
Activity:			
Assessor	22 958 94	23 315 67	356 73
Treasurer	21 070 00	21 429 88	359 88
Fire protection	146 770 76	155 073 19	8 302 43
Library	-	2 000 00	2 000 00

Note 11– Total Columns on Combined Statements--Overview

The total columns on the combined financial statements are captioned "Memorandum Only" to indicate that they are presented only to facilitate financial analysis. Data in these columns do not present financial position, results of operations, or changes in financial position in conformity with generally accepted accounting principles. Neither is such data comparable to a consolidation, because interfund eliminations have not been made in the aggregation of this data.

TOWNSHIP OF VICTOR  
Clinton County, Michigan

GENERAL FUND EXPENDITURES BY DETAILED ACCOUNT  
Year Ended March 31, 2004

EXHIBIT D  
Page 1

Township Board:	
Salaries	3 935 00
Publishing	3 070 74
Audit	2 000 00
Legal	112 00
Miscellaneous	2 261 95
Dues	1 723 16
Payroll taxes	949 05
Supplies	2 407 43
Deferred compensation	3 848 30
Insurance	14 466 95
	<u>34 774 58</u>
Supervisor:	
Salary	<u>9 378 00</u>
Assessor:	
Salary	16 305 00
Miscellaneous	7 010 67
	<u>23 315 67</u>
Clerk:	
Salary	11 754 00
Deputy	1 444 00
Miscellaneous	4 805 82
	<u>18 003 82</u>
Board of Review:	
Salaries	825 00
Miscellaneous	51 87
	<u>876 87</u>
Treasurer:	
Salary	13 680 00
Deputy	1 364 00
Miscellaneous	6 385 88
	<u>21 429 88</u>
Township hall:	
Utilities	9 424 06
Contracted services	15 430 34
	<u>24 854 40</u>

TOWNSHIP OF VICTOR  
Clinton County, Michigan

GENERAL FUND EXPENDITURES BY DETAILED ACCOUNT  
Year Ended March 31, 2004

EXHIBIT D  
Page 2

Cemetery:	
Contracted services	12 250 00
Miscellaneous	<u>2 565 52</u>
	<u>14 815 52</u>
Fire protection:	
Contracted services	<u>155 073 19</u>
Law enforcement	<u>1 756 00</u>
Planning:	
Wages	160 00
Miscellaneous	<u>14 83</u>
	<u>174 83</u>
Highways and streets:	
Repairs and maintenance	<u>116 185 80</u>
Drains	<u>10 997 55</u>
Library	<u>2 000 00</u>
Parks and recreation	<u>959 43</u>
Capital outlay	<u>39 396 77</u>
Total Expenditures	<u><u>473 992 31</u></u>

TOWNSHIP OF VICTOR  
Clinton County, Michigan

CURRENT TAX COLLECTION FUND  
STATEMENT OF CHANGES IN ASSETS AND LIABILITIES  
Year Ended March 31, 2004

EXHIBIT E

	<u>Balance</u> <u>4/1/03</u>	<u>Additions</u>	<u>Deductions</u>	<u>Balance</u> <u>3/31/04</u>
<u>Assets</u>				
Cash in bank	10 289 55	2 237 895 18	2 243 137 50	5 047 23
Total Assets	<u>10 289 55</u>	<u>2 237 895 18</u>	<u>2 243 137 50</u>	<u>5 047 23</u>
<u>Liabilities</u>				
Due to other funds	3 907 04	214 112 73	216 585 02	1 434 75
Due to others	<u>6 382 51</u>	<u>2 023 782 45</u>	<u>2 026 552 48</u>	<u>3 612 48</u>
Total Liabilities	<u>10 289 55</u>	<u>2 237 895 18</u>	<u>2 243 137 50</u>	<u>5 047 23</u>

TOWNSHIP OF VICTOR  
Clinton County, Michigan

CURRENT TAX COLLECTION FUND  
STATEMENT OF CASH RECEIPTS AND DISBURSEMENTS  
Year Ended March 31, 2004

EXHIBIT F

Cash on hand and in bank – beginning of year	<u>10 289 55</u>
Cash receipts:	
Current property tax	2 215 547 99
Property tax administration fees	21 928 88
Interest	<u>418 31</u>
Total cash receipts	<u>2 237 895 18</u>
Total beginning balance and cash receipts	<u>2 248 184 73</u>
Cash disbursements:	
Township General Fund	216 585 02
Clinton County	1 147 944 28
Laingsburg Community School	592 757 74
Ovid-Elsie Area Community School	52 554 31
St. Johns Public School	95 518 13
Bath Community School	34 865 93
Clinton County Regional Education Service District	74 884 48
Lansing Community College	12 509 24
Refunds	<u>15 518 37</u>
Total cash disbursements	<u>2 243 137 50</u>
Cash on Hand and in Bank – End of Year	<u>5 047 23</u>

# CAMPBELL, KUSTERER & CO., P.C.

CERTIFIED PUBLIC ACCOUNTANTS

MARK J. CAMPBELL, CPA  
KENNETH P. KUSTERER, CPA

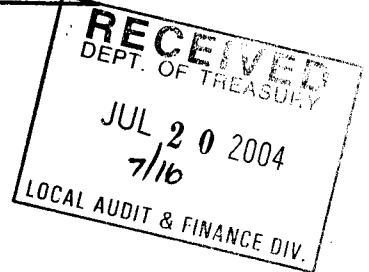
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## AUDIT COMMUNICATION AND REPORT OF COMMENTS AND RECOMMENDATIONS

June 29, 2004

To the Township Board  
Township of Victor  
Clinton County, Michigan



We have audited the financial statements of the Township of Victor, for the year ended March 31, 2004. As required by auditing standards generally accepted in the United States, the independent auditor is required to make several communications to the governing body having oversight responsibility for the audit. The purpose of this communication is to provide you with additional information regarding the scope and results of our audit that may assist you with your oversight responsibilities of the financial reporting process for which management is responsible.

### AUDITOR'S RESPONSIBILITY UNDER AUDITING STANDARDS GENERALLY ACCEPTED IN THE UNITED STATES

We conducted our audit of the financial statements of the Township of Victor in accordance with auditing standards generally accepted in the United States. The following paragraph explains our responsibilities under those standards.

Management has the responsibility for adopting sound accounting policies, for maintaining an adequate and effective system of accounts, for the safeguarding of assets, and for devising an internal control structure that will, among other things, help assure the proper recording of transactions. The transactions that should be reflected in the accounts and in the financial statements are matters within the direct knowledge and control of management. Our knowledge of such transactions is limited to that acquired through our audit. Accordingly, the fairness of representations made through the financial statements is an implicit and integral part of management's accounts and records. However, our responsibility for the financial statements is confined to the expression of an opinion on them. The financial statements remain the responsibility of management.

The concept of materiality is inherent in the work of an independent auditor. An auditor places greater emphasis on those items that have, on a relative basis, more importance to the financial statements and greater possibilities of material error than those items of lesser importance or those in which the possibility of material error is remote.

To the Township Board  
Township of Victor  
Clinton County, Michigan

For this purpose, materiality has been defined as "the magnitude of an omission or misstatement of accounting information that, in light of surrounding circumstances, makes it probable that the judgment of a reasonable person relying on the information would have been changed or influenced by the omission or misstatement."

An independent auditor's objective in an audit is to obtain sufficient competent evidential matter to provide a reasonable basis for forming an opinion on the financial statements. In doing so, the auditor must work within economic limits; the opinion, to be economically useful, must be formed within a reasonable length of time and at reasonable cost. That is why an auditor's work is based on selected tests rather than an attempt to verify all transactions. Since evidence is examined on a test basis only, an audit provides only reasonable assurance, rather than absolute assurance, that financial statements are free of material misstatement. Thus, there is a risk that audited financial statements may contain undiscovered material errors or fraud. The existence of that risk is implicit in the phrase in the audit report, "in our opinion."

In the audit process, we gain an understanding of the internal control structure of an entity for the purpose of assisting in determining the nature, timing, and extent of audit testing. Our understanding is obtained by inquiry of management, testing transactions, and observation and review of documents and records. The amount of work done is not sufficient to provide a basis for an opinion on the adequacy of the internal control structure.

### **SIGNIFICANT ACCOUNTING POLICIES**

The significant accounting policies are described in Note 1 to the financial statements.

### **OTHER COMMUNICATIONS**

Auditing standards call for us to inform you of other significant issues such as, but not limited to, 1) Accounting estimates that are particularly sensitive because of their significance to the financial statements or because of the possibility that future events affecting them may differ markedly from management's current judgments; 2) Significant audit adjustments that may not have been detected except through the auditing procedures we performed; 3) Disagreements with management regarding the scope of the audit or application of accounting principles; 4) Consultation with other accountants; 5) Major issues discussed with management prior to retention; and 6) Difficulties encountered in performing the audit.

We have no significant issues, regarding these matters, to report to you at this time. Audit adjustments were minimal, and are available to review.

To the Township Board  
Township of Victor  
Clinton County, Michigan

### **GASB 34 IMPLEMENTATION**

The Governmental Accounting Standards Board issued a new reporting model for governmental units which is to be implemented over the next few years. The implementation date of this pronouncement for the Township of Victor will begin with the year ended March 31, 2004, and will need to be implemented fully by March 31, 2005. The daily operations and recording transactions should not change significantly, however, the Township will be required to maintain additional records for the year end adjustments to the final presentation format.

### **COMMENTS AND RECOMMENDATION REGARDING INTERNAL CONTROLS/ COMPLIANCE/ EFFICIENCY**

Our procedures disclosed the following conditions that we would like to bring to your attention:

#### **SEGREGATION OF DUTIES**

A separation of duties between persons who authorize transactions and persons who have control over the related assets does not always exist.

The least desirable accounting system is one in which an employee is responsible for executing the transaction and then recording the transaction from its origin to its ultimate posting in the General Ledger. This increases the likelihood that intentional or unintentional errors will go undetected. In most cases, adequate segregation of duties substantially increases control over errors without duplication of effort.

We understand that due to the size of needed staff, a proper segregation of duties may be impractical and the "cost to benefit" relationship may not justify the addition of accounting staff to accomplish the desired segregation.

These conditions were considered in determining the nature, timing and extent of the audit tests to be applied in our audit of the Township's financial statements and this communication of these matters does not affect our report on the Township's financial statements, dated March 31, 2004.

#### **SUMMARY**

We welcome any questions you may have regarding the foregoing comments and we would be happy to discuss any of these or other questions that you might have at your convenience.

Sincerely,

*Campbell, Kusterer & Co., P.C.*

CAMPBELL, KUSTERER & CO., P.C.  
Certified Public Accountants